



1. Complete EDSO (Electric Distribution System Operator) with FortisAlberta Inc.

The Annual Service Fee with FortisAlberta would be 18% higher than EQUUS, with an increase of 3% every year.

FortisAlberta Inc. would be our EDSO. They would operate and maintain our daily operations. Complete all construction services such as New Installs, System Rebuilds, System Upgrades, Relocations, Yard Light Installs, Meter Upgrades/Downgrades, High Load Moves, Crossing Proximity Requests and Salvages.

Vegetation would be done every three years, and Pole Testing every seven years.

Meter reads would be done by AMR (Automated Meter Reading), which eliminates the need for members calling in their readings. Any of the meters that EQUUS has installed since becoming our DSO would need to be replaced as they are digital style and not AMR compatible. The estimated cost of replacing one meter is \$100, with approximately 100 to change out, however FortisAlberta would plan efficiently to do this in the most cost-effective way.

If you lost power at anytime day or night, FortisAlberta would get an instant notification letting them know and they would take all necessary steps to ensure your power is restored as quickly as possible. Members will have access to FortisAlberta's free mobile app to report and see detailed outage information. Specially trained technicians are equipped to maintain powerlines while your power stays on.

There are two separate contracts that the TREA would have to decide between entering in with FortisAlberta. The first one being the old contract (with a few amendments) that the TREA was in back in 2009 and a new contract that was constructed by the Contract Policy Committee (CPC). If the TREA uses the new contract it would be expected that the Tomahawk REA join the CPC. This would require a fee of \$16,776.00 per year. Both contracts require 6-months notice of cancellation, without financial penalty.

The CPC has spent over two years constructing a new EDSO Contract for REAs and FortisAlberta. The end date of the contract (which is unified for all REAs) ends the end of March 2023. If the Tomahawk REA uses the old contract there would be no expectation to join the Contract Policy Committee, and no fee of \$16,776.00 per year. Currently the CPC is working on Membership Terms and Conditions, following that they will be revamping the Wire Owners Agreement. If the Tomahawk REA joins the CPC, they would have a voice in making these new contracts.

The new contract introduces the REA Terms and Conditions and the requirement that the REA Term and Conditions be reviewed and approved by CPC. It also gives REAs access to greater system information held by FortisAlberta, which would more effectively enable the Board to run the REA. The Services/Core Services are similar in each; however, the new contract does add more detail. The new contract states they will continue to provide an annual report, and quarterly status reports on the number of new Member Services constructed and number of requests for new service estimates. They will also provide a quarterly status report to the Association on all wire system projects undertaken on the Association's Electric Distribution System.

The Tomahawk REA could be their own Regulated Rate Option (RRO) Provider. If the TREA chose to be their own RRO Provider all billing would come from the Tomahawk REA office.

Payout of the Investment Program Loans to EQUUS would become due and payable at April 2020 in the amount of \$193,036.19.



2. EDSO with FortisAlberta Inc. and hire separate contractors.

The Annual Service Fee with FortisAlberta would be 18% higher than EQUUS, with an increase of 3% every year.

This option is similar to option one, as FortisAlberta would do all those things, except Construction Services, Vegetation, Ground Testing and Pole Testing/Replacement. Only well-established contractors that meet all required safety standards will be considered. **FortisAlberta would oversee and approve that all construction is as per their standards, in which they would charge a nominal fee.** As a member of the Alberta Federation of REAs we have access to their Business Management program, which we have been using as a resource for the last two years and would continue to implement if separate contractors were hired.

FortisAlberta would still operate and maintain our daily operations. Meter reads would be automatic. All digital meters would need to be replaced with the AMR compatible meters. The estimated cost of replacing one meter is \$100, with approximately 100 to change out, however FortisAlberta would plan efficiently to do this in the most cost-effective way. FortisAlberta would still get notification if you lost power and they would be responsible for getting your power back on. Again, there would be a choice in which contract to use. The old contract (with no expectation of joining the CPC; no extra fee) or the new contract constructed by the CPC (with the expectation of joining the CPC at a fee of \$16,776.00 per year). Tomahawk REA could still be their own RRO Provider.

The Tomahawk REA would need to hire contractors to perform all Construction needs, as well as Vegetation, Ground Testing and Pole Testing/Replacement.

The benefits to hiring separate contractors are:

- More membership control of the REA
- Economics
- Control of when it's done
- Better facility management
- Better for budgeting
- Costs more consistent
- Quality Control

The TREA would know what's being done, where and when.

Payout of the Investment Program Loans to EQUUS would become due and payable in April 2020, in the amount of \$193,036.19.



Tomahawk
Rural Electrification Association

3. Complete EDSO with EQUUS (a DSO Agreement not a Joint Venture).

The annual service fee with EQUUS would be 18% lower than FortisAlberta Inc., with an increase of 3% every year.

The new contract would be for an additional two-year duration with a 24-month incremental renewal. EQUUS has improved their cancellation policy to 6-months notice, without financial penalty.

EQUUS would continue to do everything they do now. Operate and maintain our daily operations. They would complete all construction services such as New Installs, System Rebuilds, System Upgrades, Relocations, Yard Light Installs, Meter Upgrades/Downgrades, High Load Moves, Crossing Proximity Requests and Salvages.

They would continue to work with the office on new member information as well as debriefing the Board of Directors quarterly on all operations.

While meter reads are currently done every three months, if a new contract was signed with EQUUS, they would consider implementing more meter readers, so your meters are read **every** month. As there currently is no charge for this, if more people were hired there would be an additional fee (amount yet to be determined). There would be no need to change any of the digital meters at this time.

Vegetation and Pole Testing/Replacement would continue every year divided by sections. EQUUS is looking at applying a 12-month billing for vegetation so that the TREA would be billed monthly for the vegetation work done that month rather than being billed for all of it at the end of the year.

The investment loan program payments would continue for the duration of the contract and would become payable if/when contract is not renewed. As of August 31, 2019 that amount stands at \$199,411.93.

	Option 1	Option 2		Option 3
DSO SERVICES	Fortis	Fortis as DSO Only	Separate Contractor	EQUUS
Provide electric distribution service to the association	✓	✓	—	✓
Make decisions about building, upgrading and improving the electric distribution system	✓	✓	—	✓
Operate and maintain the association's electric distribution system in a safe reliable manner	✓	✓	—	✓
Install and remove association meters	✓	✓	—	✓
To maintain information systems relating to the consumption of electricity by members	✓	✓	—	✓
To provide to a retailer or Tomahawk's RRO provider info about the retailers	✓	✓	—	✓
Undertake financial settlement with the independent system operator of system access	✓	✓	—	✓
The TREA could be its own regulated rate provider	✓	✓	—	✓
To appoint or act as a regulated rate provider	✓	✓	—	✓
To connect and disconnect members and distributed generation in accordance with Tomahawks approved tariff	✓	✓	—	✓
To carry out distribution tariff billing	✓	✓	—	✓
To respond to inquiries and complaints from members	✓	✓	—	✓
Automatic meter reads	✓	✓	—	—
Meter reads every 3 months	—	—	—	✓
Respond to all power quality concerns	✓	✓	—	✓
All Construction (ex. new service installs, service moves, system upgrades, system rebuilds, high load moves, yard light installs, crossing proximity requests and salvages)	✓	—	✓	✓
Pole and ground testing/replacement	✓	—	✓	✓
Vegetation management	✓	—	✓	✓
Electronic notification of power outage	✓	✓	—	—
Contract policy committee fees	maybe	maybe	—	—